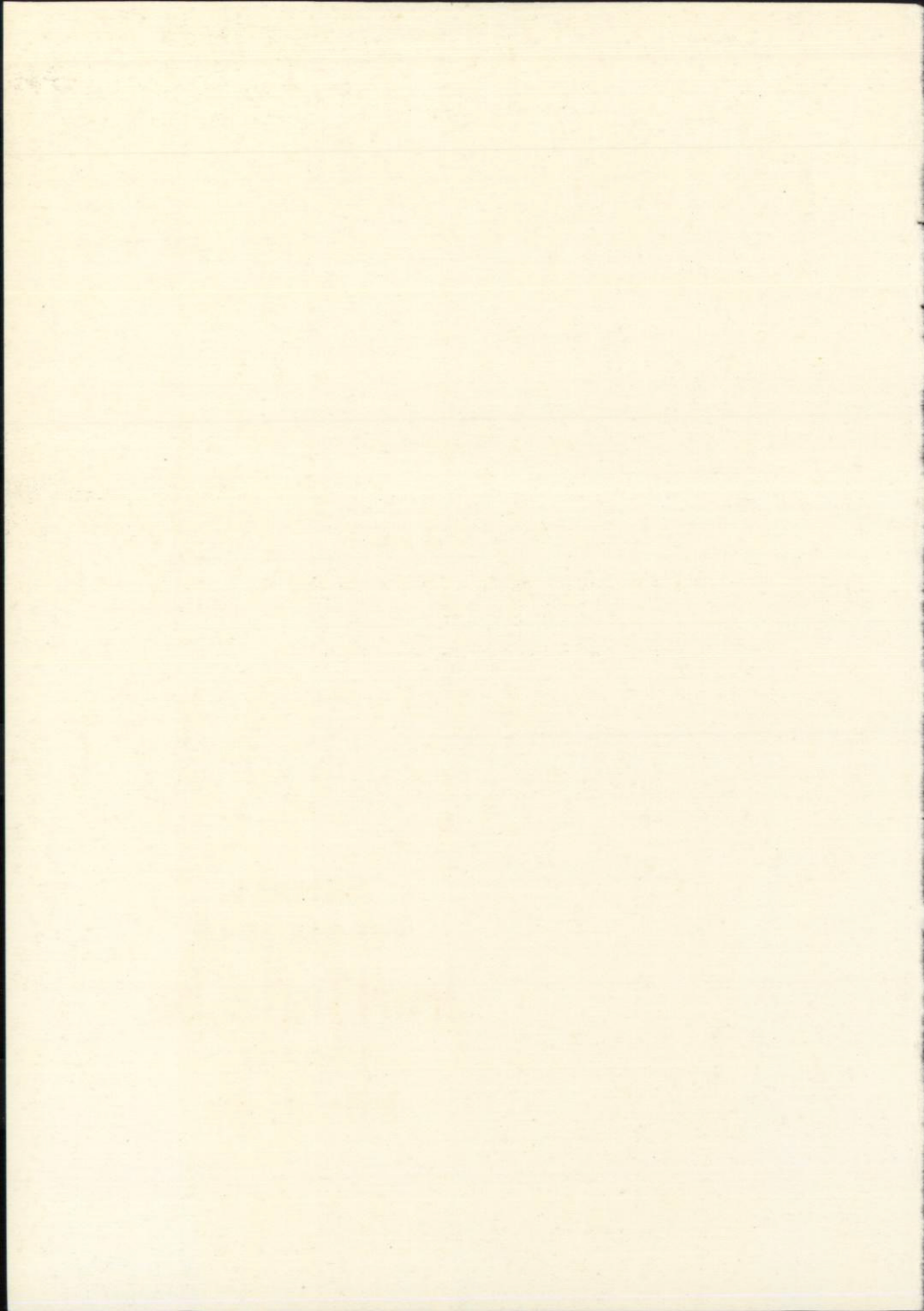




ANNUAL
REPORT 1946

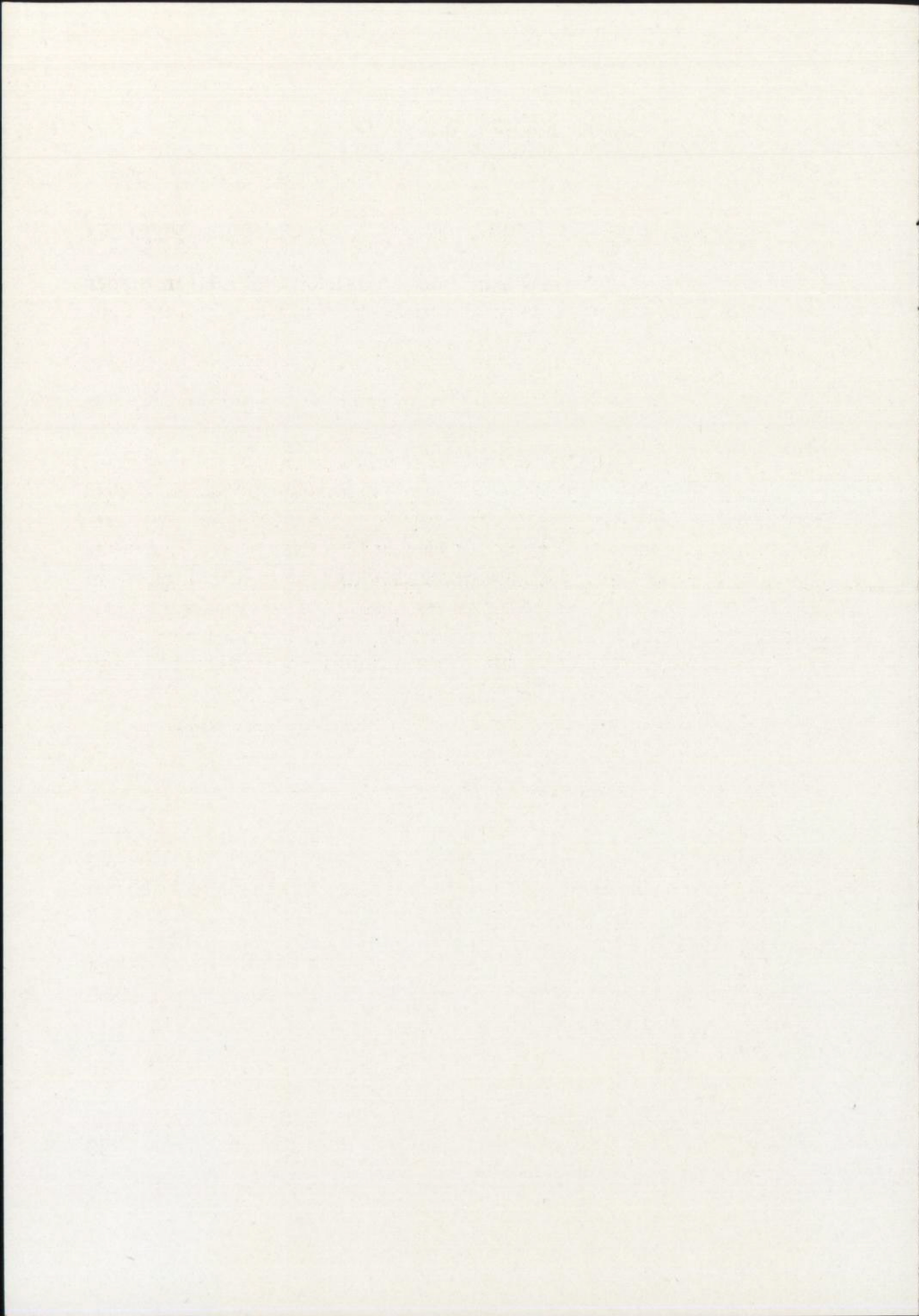
Jewel Tea Co., Inc.

JEWEL PARK
BARRINGTON, ILL.



THE COVER

Front and rear aerial views
of the headquarters office and
plant at Barrington, Illinois.



MESSAGE

FEBRUARY 4, 1947

TO STOCKHOLDERS, JEWEL PEOPLE AND THE PUBLIC:

THIS is the 31st Annual Report of your company. It covers the 52 weeks of operations during our 1946 year ending December 28, 1946.

SALES—EARNINGS—DIVIDENDS

New retail sales records were established in 1946 by both stores and routes for the third consecutive year. Total sales increased \$24,873,518 or 39.3% over 1945. Part of this increase in sales was due to higher retail prices resulting from increased costs. The full increase in costs, however, was

not completely reflected in higher prices so gross margins, percentage-wise, have been narrowed. Customers continued to buy freely and improved supplies of merchandise were available.

Total earnings for the year—after provision for taxes, depreciation, profit sharing and reserves—increased over the year before and were the highest in the history of the business. Dividends of \$2.75 per share paid to common stockholders in 1946 were the highest since 1939 when \$3.00 per share was paid.

The figures of chief interest for the last two years are shown below:

| | 1946 | 1945 |
|--------------------------------|--------------|--------------|
| Retail sales | \$88,237,518 | \$63,364,000 |
| Earnings before all taxes..... | 6,745,640 | 5,184,675 |
| Earnings after all taxes..... | 2,839,784 | 1,505,747 |
| Earnings per share | | |
| Preferred stock | 61.73 | 32.04 |
| Common stock | 4.72 | 2.33 |
| Dividends paid per share | | |
| Preferred stock | 4.25 | 4.25 |
| Common stock | 2.75 | 1.50 |
| Operating units | | |
| Routes | 1,654 | 1,608 |
| Stores | 150 | 150 |

EXPENSES

Total operating expenses in dollars were higher in 1946 but their percentage to sales was reduced. Practically all expense items increased because of rising prices. Payrolls were substantially greater. Payments to and for the benefit of employees of \$15,455,305 in 1946 were 30.5% above 1945, while the number of employees, 4,666, increased 5.9%.

FEDERAL TAXES

Elimination of the excess profits tax contributed to the increase in net earnings. Federal taxes on income during 1946 were provided at the rate of 38.3% compared with 56.2% in 1945. It is believed that Federal tax laws and regulations have been interpreted conservatively in estimating the company's liability for Federal taxes on income and that adequate reserves have been provided.

Claims for relief from excess profits taxes in accordance with Section 722 of the Internal Revenue Code have been filed for all of the excess profits tax years. The government has not yet acted

on these claims. Audit of company tax returns for the years 1941 to 1943 inclusive, excepting these claims for relief, is now being made by representatives of the Bureau of Internal Revenue.

RESERVES

The amount of \$100,000 was set aside in 1946 and added to the reserve for contingencies and inventory valuation. This reserve now totals \$750,000. The rise in commodity prices and the need to maintain adequate inventories to meet every day customer purchases makes future inventory adjustments more probable.

The reserve for automobile accident and other self-insured losses of \$250,000 is unchanged from a year ago. All settlements of claims have been charged to expense. The number of accidents in 1946 decreased from last year but payments of \$23,900 in settlement of claims were \$11,000 higher.

WORKING CAPITAL

The company's working capital position for the past two years is set out on the following page:

| <u>Year End</u> | <u>Working Capital</u> | | <u>Cash and Marketable Securities</u> |
|---------------------|------------------------|--------------|---|
| | <u>Gross</u> | <u>Net</u> | |
| 1945 | \$15,356,385 | \$10,477,657 | \$7,681,883 |
| 1946 | 17,438,866 | 10,584,128 | 5,299,345 |

The content of marketable securities is shown on page 12 of this report. Securities maturing within three years from 1946 are equal to 65.0% of the total. Those maturing within five years equal 84.8% of the total.

Replacement of capital assets and acquisition of new items in 1946 required, after use of the increase in depreciation reserve for the year, a net cash outlay of \$795,087. Higher prices for capital assets require the investment of much more money than prior to the war. For example, our fleet of automotive equipment, at 1941 prices, cost \$1,440,000. Similar equipment today would cost \$2,300,000.

Inventories have also been affected by higher prices. One of the principal items in our inventory is green coffee. A safe working stock on hand and contracted for is 13 weeks' supply. Such a supply, based on current coffee sales, requires the investment of \$2,300,000. In December 1941, the same quantity of green coffee would have cost only \$1,150,000.

More capital is being used not only to finance higher cost inventories but also to carry added quantities due to increased physical volume of sales. Inventories of \$11,196,880 at the year end were \$4,218,194 higher than in 1945.

Up to now, it has been possible to finance these expanding capital needs by selling U. S. Government bonds, by retaining a part of earnings, and from increases in reserves and amounts owed to suppliers and others. There will be substantial need in 1947 for use of working capital for replacement of fully depreciated and outmoded capital assets and modest expansion of operating units.

OUTLOOK

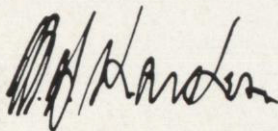
Opportunities for further progress in 1947 are suggested by the continued free acceptance by customers of well known quality merchandise, the prospect of improved production of the things people want, and an encouraging

downward trend in turnover among employees. In the year ahead, every effort will be made to adjust operating and merchandising activities to changing consumer demands.

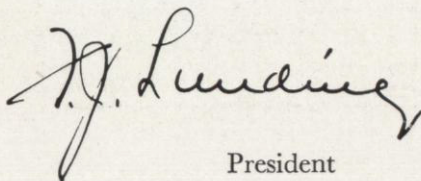
The men and women of Jewel did everything possible to make shopping with Jewel a more pleasant experience in 1946. Customers were very patient in the face of trying shopping conditions

due to shortages of merchandise, trained personnel, and modern fixtures and equipment. The same cheerful unity of effort which prevailed without interruption by any internal company labor disputes in 1946, plus the anticipated continued high level of national income, should make 1947 a good year for customers, employees, suppliers, government and stockholders.

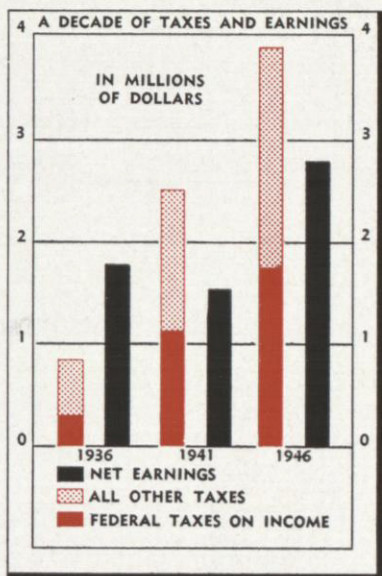
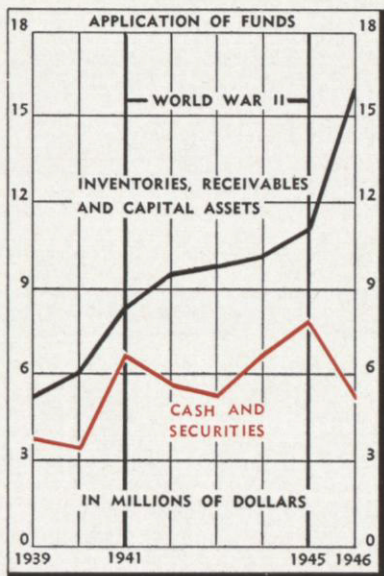
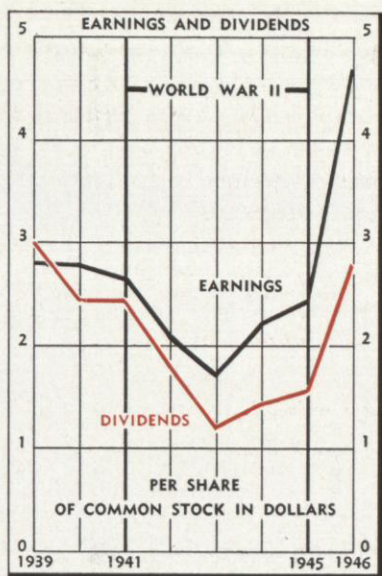
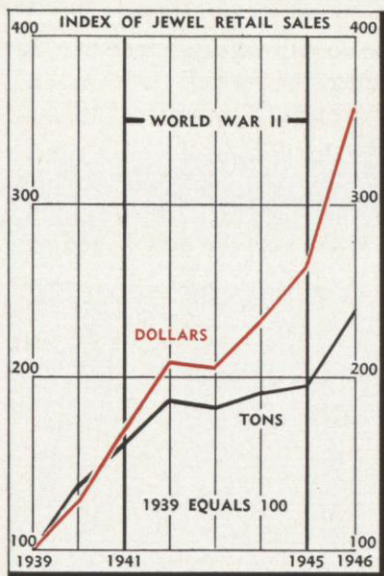
For the Board of Directors:

A handwritten signature in dark ink, appearing to read "M. J. Handlon", written in a cursive style.

Chairman

A handwritten signature in dark ink, appearing to read "J. G. Lundine", written in a cursive style.

President



THUMB-NAIL SKETCH OF JEWEL'S BUSINESS

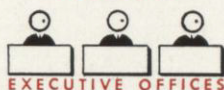


STORES



PLANNING, PROCUREMENT,
ADVERTISING AND DISTRIBUTION

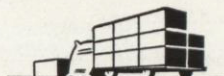
ROUTES



of



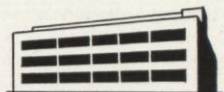
MERCHANDISE AND
RAW MATERIALS



processed by



WAREHOUSES
AND PLANTS
and
distributed
to



150 RETAIL STORES
79 ROUTE BRANCHES



*to be
offered by*



1,230 STORE PEOPLE
1,654 DRIVER SALESMEN



to



HOMEMAKERS IN
CHICAGO AREA
and
HOMEMAKERS IN
FORTY-THREE STATES



A better place to trade . . . A better place to work

JEWEL'S PAST FIVE YEARS











FINANCIAL POSITION*

| | 1946 | 1945 | 1944 | 1943 | 1942 |
|------------------------------|------------------|------------------|------------------|------------------|------------------|
| Assets | | | | | |
| Cash and securities..... | \$ 5299.3 | \$ 7681.9 | \$ 6510.3 | \$ 5438.3 | \$ 5842.3 |
| Receivables | 942.6 | 695.8 | 515.7 | 425.6 | 552.1 |
| Inventories | 11196.9 | 6978.7 | 6414.9 | 5847.3 | 4824.0 |
| Total current assets. | \$17438.8 | \$15356.4 | \$13440.9 | \$11711.2 | \$11218.4 |
| Other assets | \$ 331.1 | \$ 314.5 | \$ 353.8 | \$ 321.4 | \$ 55.3 |
| Deferred charges | 1240.3 | 1040.7 | 1089.4 | 1029.4 | 1097.1 |
| Capital assets | 7640.8 | 6785.3 | 6640.0 | 6614.5 | 6648.8 |
| Depreciation reserve.... | (3675.3) | (3614.9) | (3404.7) | (3008.0) | (2515.6) |
| | <u>\$22975.7</u> | <u>\$19882.0</u> | <u>\$18119.4</u> | <u>\$16668.5</u> | <u>\$16504.0</u> |
| Liabilities | | | | | |
| Current liabilities | \$ 6854.7 | \$ 4878.7 | \$ 3490.2 | \$ 2400.2 | \$ 2514.5 |
| Reserves | 1000.0 | 900.0 | 900.0 | 900.0 | 900.0 |
| Net Worth | | | | | |
| Preferred stock | \$ 5000.0 | \$ 5000.0 | \$ 5000.0 | \$ 5000.0 | \$ 5000.0 |
| Common stock | 5770.1 | 5770.1 | 5770.1 | 5770.1 | 5770.1 |
| Surplus | 4815.7 | 3701.8 | 3226.6 | 2810.4 | 2494.4 |
| | <u>\$15585.8</u> | <u>\$14471.9</u> | <u>\$13996.7</u> | <u>\$13580.5</u> | <u>\$13264.5</u> |
| Less stock in treasury... | 464.8 | 368.6 | 267.5 | 212.2 | 175.0 |
| Total net worth.... | \$15121.0 | \$14103.3 | \$13729.2 | \$13368.3 | \$13089.5 |
| | <u>\$22975.7</u> | <u>\$19882.0</u> | <u>\$18119.4</u> | <u>\$16668.5</u> | <u>\$16504.0</u> |

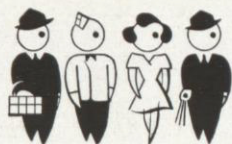
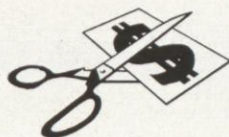
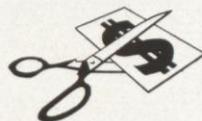
OPERATING FACTS

| | 1946 | 1945 | 1944 | 1943 | 1942 |
|---|-----------|-----------|-----------|-----------|-----------|
| Net working capital*... | \$10584.1 | \$10477.7 | \$ 9950.7 | \$ 9311.0 | \$ 8703.9 |
| Ratio of current assets to current liabilities... | 2.5 | 3.1 | 3.9 | 4.9 | 4.5 |
| Retail sales*..... | \$88237.5 | \$63364.0 | \$56899.8 | \$52212.1 | \$53077.8 |
| Earnings: | | | | | |
| Total* | \$ 2839.8 | \$ 1505.7 | \$ 1392.6 | \$ 1155.8 | \$ 1348.6 |
| Per share—Preferred .. | \$ 61.73 | \$ 32.04 | \$ 29.01 | \$ 23.81 | \$ 27.57 |
| Per share—Common .. | \$ 4.72 | \$ 2.33 | \$ 2.12 | \$ 1.69 | \$ 2.03 |
| Percent of retail sales | 3.2% | 2.4% | 2.4% | 2.2% | 2.5% |
| Number of employees... | 4666 | 4408 | 4354 | 4297 | 4337 |
| Number of stockholders: | | | | | |
| Common | 5742 | 5784 | 5851 | 5852 | 5768 |
| Preferred | 537 | 515 | 515 | 536 | 562 |
| Operating units—Routes. | 1654 | 1608 | 1581 | 1583 | 1591 |
| Operating units—Stores . | 150 | 150 | 152 | 152 | 154 |

*In thousands.

| YEAR | SALES | SUPPLIERS* |
|------|---|---|
| 1946 | \$88,924,667  | \$66,985,196  |
| 1945 | \$64,623,010  | \$47,890,218  |
| 1944 | \$58,406,791  | \$43,960,908  |
| 1943 | \$53,204,608  | \$41,261,360  |
| 1942 | \$53,489,792  | \$41,128,967  |

DISTRIBUTION OF

EMPLOYEES**TAXES****STOCKHOLDERS****\$15,455,305****\$3,644,382****\$2,839,784****\$11,846,044****\$3,381,001****\$1,505,747****\$10,544,661****\$2,508,641****\$1,392,581****\$9,371,233****\$1,416,182****\$1,155,833****\$8,773,444****\$2,238,733****\$1,348,648****SALES DOLLARS**

**Includes products, materials, services, rents, depreciation, maintenance, repairs, doubtful accounts, and addition to reserve for contingencies and inventory valuation.*

JEWEL TEA CO., INC.

INCOME ACCOUNT

| | For the 52 Weeks Ended | |
|---|------------------------|---------------------|
| | Dec. 28, 1946 | Dec. 29, 1945 |
| Sales and Revenues: | | |
| Retail sales | \$88,237,518 | \$63,364,000 |
| Wholesale and other sales..... | 522,922 | 1,181,997 |
| Interest and miscellaneous income..... | 164,227 | 77,013 |
| Total sales and revenues..... | <u>\$88,924,667</u> | <u>\$64,623,010</u> |
| Costs of Doing Business: | | |
| Paid to or for the benefit of employees: | | |
| Wages, salaries and bonuses..... | \$14,593,687 | \$11,393,361 |
| Social security taxes..... | 261,474 | 297,927 |
| Contribution to Jewel Retirement Estates..... | 600,144 | 154,756 |
| Total | <u>\$15,455,305</u> | <u>\$11,846,044</u> |
| Products, materials, services and rents..... | 65,940,492 | 47,005,820 |
| Depreciation | 287,468 | 234,944 |
| Maintenance and repairs..... | 440,779 | 402,567 |
| Doubtful accounts charged to operations..... | 216,457 | 246,887 |
| Set aside for contingencies and inventory valuation | 100,000 | — |
| Estimated federal taxes on income..... | 1,760,779 | 1,931,363 |
| State, local and all other federal taxes..... | 1,883,603 | 1,449,638 |
| Total charges for doing business..... | <u>\$86,084,883</u> | <u>\$63,117,263</u> |
| Earnings | <u>\$ 2,839,784</u> | <u>\$ 1,505,747</u> |
| Dividends to Owners of the Business: | | |
| Preferred shareholders | \$ 199,354 | \$ 201,480 |
| Common shareholders | 1,536,097 | 837,081 |
| Total dividends | <u>\$ 1,735,451</u> | <u>\$ 1,038,561</u> |
| Retained for Future Needs..... | <u>\$ 1,104,333</u> | <u>\$ 467,186</u> |

EARNED SURPLUS

| | |
|---|---------------------|
| Earned Surplus, December 29, 1945..... | \$ 3,701,801 |
| Add: | |
| Earnings after dividends from income account..... | 1,104,333 |
| Adjustments arising from sale and distribution of common stock to employees | 9,598 |
| Earned Surplus, December 28, 1946..... | <u>\$ 4,815,732</u> |

The notes which follow on pages 12 to 14 give

FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS

| | Dec. 28, 1946 | Dec. 29, 1945 |
|---|---------------------|---------------------|
| Current Assets: | | |
| Cash | \$ 3,214,430 | \$ 2,899,861 |
| Marketable securities | 2,084,915 | 4,782,022 |
| Accounts receivable | 942,641 | 695,816 |
| Inventories | 11,196,880 | 6,978,686 |
| | <u>\$17,438,866</u> | <u>\$15,356,385</u> |
| Other Assets: | | |
| Deposits, contracts, etc..... | \$ 49,455 | \$ 32,974 |
| Claims for refund of excess profits taxes..... | 281,600 | 281,600 |
| | <u>\$ 331,055</u> | <u>\$ 314,574</u> |
| Deferred Charges: | | |
| Premiums advanced to customers..... | \$ 922,322 | \$ 695,598 |
| Unexpired insurance, expense supplies, etc..... | 317,983 | 345,090 |
| | <u>\$ 1,240,305</u> | <u>\$ 1,040,688</u> |
| Capital Assets: | | |
| Land, buildings, machinery, furniture, fixtures, automobiles and other equipment..... | \$ 3,965,473 | \$ 3,170,386 |
| Good Will | \$ 1 | \$ 1 |
| | <u>\$22,975,700</u> | <u>\$19,882,034</u> |

LIABILITIES

| | | |
|---|---------------------|---------------------|
| Current Liabilities: | | |
| Accounts payable | \$ 3,336,269 | \$ 2,083,779 |
| Preferred dividends payable..... | 48,875 | 49,937 |
| Federal, state and other taxes accrued..... | 2,288,984 | 2,304,876 |
| Accrued wages, salaries, bonuses, etc..... | 1,180,610 | 440,136 |
| | <u>\$ 6,854,738</u> | <u>\$ 4,878,728</u> |
| Reserves: | | |
| Contingencies and inventory valuation..... | \$ 750,000 | \$ 650,000 |
| Automobile accident and other self-insured losses.. | 250,000 | 250,000 |
| | <u>\$ 1,000,000</u> | <u>\$ 900,000</u> |

NET WORTH

| | | |
|-----------------------------|---------------------|---------------------|
| Preferred stock | \$ 5,000,000 | \$ 5,000,000 |
| Common stock | 5,770,073 | 5,770,073 |
| Earned surplus | 4,815,732 | 3,701,801 |
| | <u>\$15,585,805</u> | <u>\$14,471,874</u> |
| Less stock in treasury..... | 464,843 | 368,568 |
| | <u>\$15,120,962</u> | <u>\$14,103,306</u> |
| | <u>\$22,975,700</u> | <u>\$19,882,034</u> |

Contingent liability—\$226,917 at December 28, 1946

additional information about the financial statements

INFORMATION ABOUT THE FINANCIAL STATEMENTS

ESTIMATED FEDERAL TAXES ON INCOME

| | For the 52 Weeks Ended | Dec. 28, 1946 | Dec. 29, 1945 |
|----------------------------|------------------------|---------------------|--------------------|
| Normal tax and surtax..... | | \$ 1,760,779 | \$ 880,846 |
| Excess profits tax..... | | — | 1,050,517 |
| | | <u>\$ 1,760,779</u> | <u>\$1,931,363</u> |
| Percent of earnings..... | | 38.3% | 56.2% |

MARKETABLE SECURITIES

| | | |
|---|---------------------|--------------------|
| U. S. Government obligations..... | \$ 1,952,136 | \$4,618,178 |
| State and municipal obligations..... | 102,639 | 134,526 |
| Railroad bonds | 30,140 | 29,318 |
| Total—valued individually at the lower of cost or market, plus interest..... | <u>\$ 2,084,915</u> | <u>\$4,782,022</u> |
| Total—valued at market, plus interest..... | <u>\$ 2,097,829</u> | <u>\$4,809,195</u> |

RESERVES FOR DOUBTFUL ACCOUNTS

Three items on the Balance Sheet, as described below, have been reduced by the following reserves:

| | | |
|-------------------------------------|---------------|---------------|
| Accounts receivable | \$ 46,991 | \$ 37,615 |
| Deposits, contracts, etc..... | 10,000 | 10,000 |
| Premiums advanced to customers..... | <u>59,232</u> | <u>57,035</u> |

INVENTORIES

At Lower of Cost or Market

| | | |
|----------------------------|---------------------|--------------------|
| Raw materials | \$ 2,566,537 | \$1,516,827 |
| Finished merchandise | <u>8,630,343</u> | <u>5,461,859</u> |
| Total | <u>\$11,196,880</u> | <u>\$6,978,686</u> |

CLAIMS FOR REFUND OF EXCESS PROFITS TAXES

The Internal Revenue Code provides in section 710 that unused excess profits tax credit in any year may be carried back to the prior two years in order to recover excess profits taxes paid for those years. There was sufficient un-

used excess profits tax credit for 1943 to establish claims for refund of excess profits taxes estimated to be \$281,600. This is made up of \$230,320, representing refund of all excess profits tax for 1941, and of \$51,280, which is

INFORMATION ABOUT THE FINANCIAL STATEMENTS

37.5% of excess profits tax for 1942. These figures are stated after providing for appropriate increase in the normal tax and surtax for those two years due to reduction of excess profits taxes.

Claims for relief from excess profits taxes by adjustment of base period earn-

ings have been filed for the years 1940, 1941, 1942, 1944, and 1945 in accordance with section 722 of the Internal Revenue Code. Possible recoveries from these claims are not reflected in the financial statements.

PREMIUMS ADVANCED TO CUSTOMERS

In the Routes Department, customers are given the opportunity of selecting as premiums, items of household equipment and furnishings. The premiums are paid for by credits subsequently allowed on grocery items and household

supplies purchased for cash. The balance sheet amount reflects the cost of premiums advanced but not yet paid for by credits, less the reserve for doubtful accounts.

CAPITAL ASSETS

| | Dec. 28, 1946 | Dec. 29, 1945 |
|---|--------------------|--------------------|
| Land | \$ 609,632 | \$ 579,144 |
| Buildings | 2,609,394 | 2,514,915 |
| Machinery, furniture and fixtures, at plants..... | 959,422 | 834,797 |
| Automobiles and other branch and store equipment..... | 3,462,356 | 2,856,448 |
| Total assets | <u>\$7,640,804</u> | <u>\$6,785,304</u> |
| Reserve for depreciation: | | |
| Buildings | \$ 961,349 | \$ 874,960 |
| Machinery, furniture and fixtures, at plants..... | 561,877 | 532,395 |
| Automobiles and other branch and store equipment... | 2,152,105 | 2,207,563 |
| Total reserve | <u>\$3,675,331</u> | <u>\$3,614,918</u> |
| Book value of capital assets..... | <u>\$3,965,473</u> | <u>\$3,170,386</u> |

As a result of appraisal of capital assets as of December 31, 1932, book values were reduced to basis of current values. The reduction in book values

of such assets still on hand at December 28, 1946, amounted to \$203,387. Additions since December 31, 1932, are at cost.

PREFERRED STOCK—STOCK IN TREASURY

Preferred stock is 4¼% cumulative and \$100.00 par value with 50,000 shares authorized and issued. It is redeemable, 1,000 shares per annum beginning in 1943, at maximum price of \$107.50 per share from July 1, 1946, to July 1, 1951, and \$106.50 thereafter, plus accrued dividends and is entitled

to regular redemption prices at voluntary liquidation and \$100.00 per share at involuntary liquidation, plus accrued dividends.

There were 4,000 shares of preferred stock in the treasury (valued at acquisition cost) on December 28, 1946, which have been acquired for retirement and

INFORMATION ABOUT THE FINANCIAL STATEMENTS

cancellation. In order to save time and expense, it is planned to retire these preferred shares formally only once every five years. The preferred stock

provisions of the certificate of incorporation specify that preferred shares acquired for retirement may not be re-issued.

COMMON STOCK—STOCK IN TREASURY

Common stock of no par value consists of 600,000 authorized shares of which 560,000 shares are issued. There were 1,270 shares of common stock in

the treasury (valued at acquisition cost) acquired for sale and distribution to employees.

EARNED SURPLUS

Includes \$38,846 arising from sale and distribution of common stock to employees from January 4, 1942, to December 28, 1946. According to the

preferred stock provisions of the certificate of incorporation \$3,391,147 is available for cash dividends on common stock.

CONTINGENT LIABILITY—JEWEL EMPLOYEES' SURETY DEPOSITS

Certain employees of the company make cash deposits as security for their handling of company property. These surety deposits are kept in a separate employees' trust fund, of which the company is trustee. Principal and interest on the surety deposits, at the rate of 2% per annum, are guaranteed by the company. The assets of the em-

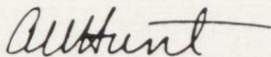
ployees' trust fund on December 28, 1946, consisted of investments (valued at lower of cost or market) and cash totaling \$226,917 which covered in full the liability for employees' surety deposits. Neither the assets nor liabilities of the employees' trust fund are included in the company's balance sheet.

* * *

CONTROLLER'S REPORT

The balance sheet, income account and earned surplus of Jewel Tea Co., Inc., are in accordance with and correctly prepared from the books of the company, and, in my opinion, fairly

state the financial position of the company on December 28, 1946, and the results of its operations for the year then ended.



Controller

Barrington, Illinois
January 31, 1947

NEW YORK CHICAGO
ST. LOUIS MINNEAPOLIS
DETROIT CLEVELAND
LOS ANGELES

CORRESPONDENTS IN
OTHER CITIES IN U. S. A.

TOUCHE, NIVEN & CO.

CERTIFIED PUBLIC ACCOUNTANTS

10 SOUTH LA SALLE STREET

CHICAGO 3, ILL.

AFFILIATED WITH
GEORGE A. TOUCHE & CO.
LONDON, ENGLAND
GEORGE A. TOUCHE & CO.
CANADA (7 OFFICES)

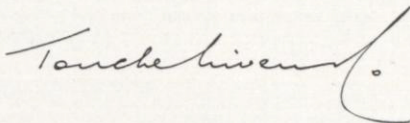
January 31, 1947

TO THE BOARD OF DIRECTORS,

JEWEL TEA CO., INC.:

We have examined the balance sheet of Jewel Tea Co., Inc. (a New York corporation) as of December 28, 1946, and the statements of income and surplus for the fifty-two weeks then ended, have reviewed the system of internal control and the accounting procedures of the company and, without making a detailed audit of the transactions, have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

In our opinion, the accompanying balance sheet and related statements of income and surplus present fairly the position of Jewel Tea Co., Inc. at December 28, 1946, and the results of its operations for the fifty-two weeks, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



DIRECTORS

| | | |
|-----------------|--------------------|---------------------|
| HENRY S. BOWERS | A. VERNON JANNOTTA | E. H. McDERMOTT |
| JOHN M. HANCOCK | M. H. KARKER | C. B. THOMPSON |
| A. U. HUNT | F. J. LUNDING | ROBERT R. UPDEGRAFF |

OFFICERS

| | |
|-------------------|---|
| M. H. KARKER | Chairman of the Board of Directors |
| JOHN M. HANCOCK | Chairman of the Executive Committee |
| F. J. LUNDING | President |
| G. L. CLEMENTS | Vice President & General Manager—Stores |
| W. A. GERBOSI | Vice President & General Manager—Routes |
| H. W. DOTTS | Vice President & Sales Manager—Routes |
| C. A. LARSON | Vice President & Merchandising Manager—Routes |
| M. S. MORSE | Vice President & Operations Manager—Stores |
| J. M. O'CONNOR | Vice President—Imports |
| J. M. FRIEDLANDER | Treasurer |
| A. U. HUNT | Controller |
| E. E. HARGRAVE | Secretary |
| R. D. STURTEVANT | Assistant Secretary |

TRANSFER AGENT

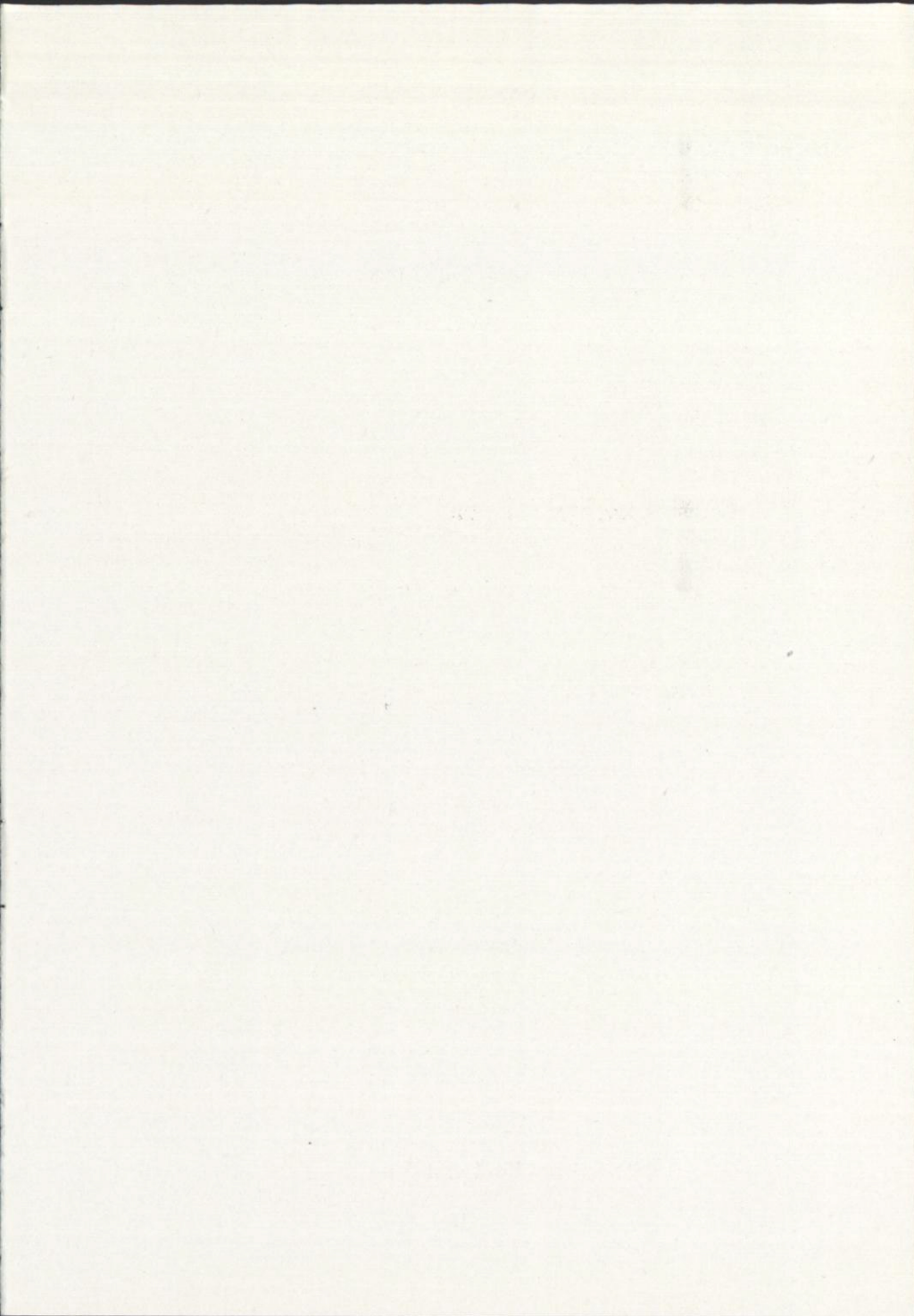
MANUFACTURERS TRUST COMPANY
55 Broad Street, New York City

REGISTRAR

THE COMMERCIAL NATIONAL BANK AND
TRUST COMPANY OF NEW YORK
46 Wall Street, New York City

AUDITORS

TOUCHE, NIVEN & Co.
Certified Public Accountants
New York and Chicago



Notice of Annual Meeting of
Stockholders, Proxy, and Proxy
Statement will be mailed on or
about February 27th, 1947 to
common stockholders of record
as of February 24th, 1947.



